

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

AUG 07 2012

HON CATHY L WALDOR

UNITED STATES OF AMERICA

v.

JOHN T. KENNELL,
a/k/a "Jack Kennell"

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CRIMINAL COMPLAINT

Mag. No. 12-7222 (CLW)

I, James S. Eagleeye, being duly sworn, state the following is true and correct to the best of my knowledge and belief.

From at least in or about February 2008 to in or about May 2012, in Hudson County, in the District of New Jersey, and elsewhere, defendant

JOHN T. KENNELL,
a/k/a "Jack Kennell,"

did knowingly and willfully obstruct, delay, and affect interstate and foreign commerce by extortion (1) under color of official right, and (2) induced by fear of economic harm, by obtaining and agreeing to obtain payments that were paid and to be paid by Individuals 1 to 6, with their consent.

In violation of Title 18, United States Code, Section 1951(a) and Section 2.

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this Complaint is based on the following facts:

SEE ATTACHMENT A

continued on the attached pages and made a part hereof.



James S. Eagleeye, Special Agent
Federal Bureau of Investigation

Sworn to before me, and
subscribed in my presence
on the 7th day of August, 2012
at Newark, New Jersey

THE HONORABLE CATHY L. WALDOR
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

I, James S. Eagleeye, am a Special Agent with the Federal Bureau of Investigation ("FBI"). I am fully familiar with the facts set forth herein based on my own investigation, my conversations with other law enforcement officers, my review of reports, documents, recordings, and other items of evidence, and my interviews of witnesses. Where statements of others are related herein, they are related in substance and part, unless otherwise indicated. Because this Attachment is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

1. At all times relevant to this Complaint:

a. Defendant JOHN T. KENNEL, a/k/a "Jack Kennell," ("defendant KENNEL") was employed by the Housing Authority of the Township of North Bergen in North Bergen, New Jersey ("NBHA") as the Director of Operations for the NBHA. In that capacity, defendant KENNEL was responsible for, among other things, supervising the maintenance and cleaning of NBHA buildings and grounds.

b. An individual, not named as a defendant herein, was an employee of the NBHA and a co-schemer of defendant KENNEL ("Co-Schemer").

c. There was a company based in Rutherford, New Jersey that provided janitorial, repair, and grounds maintenance, as well as other services to municipal and corporate entities in New Jersey ("Company 1"). During the relevant period, Company 1 was contracted by the NBHA to provide repair and grounds maintenance, as well as other services at facilities and grounds controlled by the NBHA. For these services, the NBHA paid Company 1 approximately \$250,000 to \$270,000 per year for repair maintenance and approximately \$150,000 to \$180,000 per year for grounds maintenance. Pursuant to the agreements between the NBHA and Company 1, Company 1 provided teams of workers that reported (i) daily to the NBHA, and (ii) to defendant KENNEL, including six employees of Company 1 (collectively, "Individuals 1 to 6").

2. From in or about February 2008 to in or about May 2012, defendant KENNEL used his position at the NBHA to extort Individuals 1 to 6 in connection with his employment as the Director of Operations for the NBHA. Defendant KENNEL extorted cash payments in amounts ranging from approximately \$100 to \$400 from Individuals 1 to 3 for, among other things, agreeing to authorize and otherwise facilitating additional paid vacation days for certain of these individuals. In addition, defendant KENNEL regularly extorted Individuals 1 to 6 in amounts ranging from approximately \$10 to \$20 after those individuals received their paychecks. In several instances, defendant KENNEL used the Co-Schemer to solicit and accept these payments.

EXTORTION OF PAYMENTS RELATING TO PAID VACATION DAYS

3. According to the Co-Schemer, employees of Company 1 working at the NBHA were required to use the NBHA's electronic time card system to document their arrival and departure on each working day. At all times relevant to this Complaint, the NBHA used a hand reader terminal for its time card system, which required that each employee enter an assigned number to the device and then have his or her hand scanned by the reader to verify that individual's identity. In this way, the time card system recorded the date and time of each employee's arrival and departure at the

NBHA. If an employee failed to log into the reader on a particular day, the records from the NBHA's time card system would reflect that the employee was absent on that day.

4. In his position as the Director of Operations, defendant KENNELL was responsible for tracking the hours worked by employees of Company 1 and then reporting those hours to Company 1 on time and attendance reports that were submitted to Company 1 via facsimile following each work week. On the basis of those reports, which were often signed by defendant KENNELL, Company 1 paid a weekly salary to its employees who worked at the NBHA.

5. According to the agreements between the NBHA and Company 1, employees of Company 1 were to receive at least five days of paid vacation per year. According to a representative from Company 1, any additional vacation time for employees of Company 1 was to be unpaid. If an employee of Company 1 took no vacation time during the year, then Company 1 would issue an additional paycheck consisting of one week's salary to that employee. On many occasions, Company 1 received instructions from defendant KENNELL to issue that additional paycheck.

6. From in or about February 2008 to in or about June 2011, using his position at the NBHA, defendant KENNELL submitted and caused to be submitted to Company 1 time and attendance reports that falsely indicated that employees of Company 1 were present and working at the NBHA during periods when they were not, including occasions when certain of the employees—Individuals 1, 2 and 3—were traveling outside of the United States. Defendant KENNELL also submitted and caused to be submitted reports to Company 1 that instructed that these employees were to receive an additional weekly paycheck for vacation pay; in other words, defendant KENNELL falsely represented to Company 1 that Individuals 1, 2, and 3 were entitled to an extra week of vacation pay because they had not taken any paid vacation during the year. In exchange for defendant KENNELL's official action and assistance in submitting false and fraudulent time and attendance reports to Company 1 and otherwise securing additional paid vacation for the employees, defendant KENNELL accepted and agreed to accept cash payments from Individuals 1, 2, and 3, as set forth below:

a. In or about February 2008, defendant KENNELL authorized Individual 1 to take a one-week vacation so that Individual 1 could travel outside the United States, according to Individual 1. According to records from U.S. Customs and Border Protection ("CBP"), Individual 1 traveled outside of the United States from on or about February 7, 2008 to on or about February 13, 2008. According to reports from NBHA's time card system, Individual 1 logged into the system at approximately 7:51 a.m. on or about February 7, 2008, but did not log out until on or about February 14, 2008, after Individual 1 had returned to the United States. During this period, Company 1 paid Individual 1 approximately \$411. In exchange for his official assistance in connection with this fraud, defendant KENNELL accepted a cash payment in North Bergen from Individual 1 in the amount of approximately \$100 after Individual 1 had returned to the United States, according to Individual 1. Subsequently, on or about September 2, 2008, defendant KENNELL instructed Company 1 to issue an additional weekly check for vacation pay to Individual 1, even though defendant KENNELL was aware that Individual 1 already had been compensated for a vacation.

b. In or about March 2011, defendant KENNELL authorized Individual 1 to take a multi-week vacation so that Individual 1 could travel outside the United States, according to Individual 1. According to records from CBP, Individual 1 traveled outside of the United States

from on or about March 18, 2011 through on or about March 31, 2011. According to records from NBHA's time card system, Individual 1 was noted as "absent" during this period when Individual 1 was outside the United States. During this period, defendant KENNEL submitted and caused to be submitted time and attendance records to Company 1 that reflected falsely that Individual 1 had worked at the NBHA when Individual 1 was, in fact, out of the country. On the basis of these false reports, Company 1 issued weekly paychecks to Individual 1 during this period totaling approximately \$872. Subsequently, on or about June 25, 2011, based on defendant KENNEL's instructions, Company 1 issued an additional weekly paycheck in the amount of approximately \$436 to Individual 1 for vacation pay. Because Individual 1 received an additional paycheck for vacation pay, Individual 1 was not entitled to any of the salary that Individual 1 received during the period from on or about March 18, 2011 through on or about March 31, 2011 when Individual 1 was not working at the NBHA. In exchange for his official assistance in connection with this fraud, defendant KENNEL accepted a cash payment in North Bergen from Individual 3 in the amount of approximately \$300 after Individual 1 had returned to the United States, according to Individual 1.

c. In each year from 2008 to 2011, defendant KENNEL authorized Individual 2 to take multi-week vacations so that Individual 2 could travel outside of the United States, according to Individual 2. According to records from CBP, Individual 2 traveled outside of the United States in or about June/July of 2008, 2009, 2010, and 2011. According to records from NBHA's time card system, Individual 2 was noted as "absent" during the periods from 2008 to 2011 when Individual 2 was outside the United States. During those periods, defendant KENNEL submitted and caused to be submitted time and attendance records to Company 1 that reflected falsely that Individual 2 had worked at the NBHA when Individual 2 was, in fact, out of the country. Additionally, for each of those years, often at defendant KENNEL's instruction, Company 1 issued an additional weekly paycheck to Individual 2 for vacation pay. On the basis of these false reports, Company 1 paid Individual 2's salary for days when Individual 2 did not work and also issued Individual 2 extra paychecks for vacation pay each year from 2008 through 2011. Because Individual 2 was allowed only five days of paid vacation (one week salary) per year and was compensated for those days through the extra paychecks received each year from 2008 through 2011, Individual 2 was not entitled to any of the salary that Individual 2 received during the periods that Individual 2 was not working at the NBHA and was outside of the United States. In exchange for his official assistance in connection with this fraud, defendant KENNEL accepted cash payments in North Bergen from Individual 2 in amounts of approximately \$300 to \$400 after Individual 2 had returned to the United States for each year from 2008 through 2011, according to Individual 2.

d. Additionally, in or about August 2009, defendant KENNEL authorized Individual 2 to take another week of vacation so that Individual 2 could travel outside of the United States, according to Individual 2. According to records from CBP, Individual 2 traveled outside of the United States from on or about August 24, 2009 to on or about August 29, 2009. According to records from NBHA's time card system, Individual 2 was noted as "absent" during the period when Individual 2 was outside the United States. During this period, defendant KENNEL caused to be submitted to Company 1 a time and attendance record for Individual 2 that reflected falsely that Individual 2 had worked at the NBHA when Individual 2 was, in fact, out of the country. On the basis of this false report, Company 1 issued a weekly paycheck to Individual 2 in the amount of approximately \$939. Because Individual 2 already had received an additional paycheck for vacation pay, as outlined above in Paragraph 6.c, Individual 2 was not entitled to any of the salary that Individual 2 received during the period from on or about August 24, 2009 to on or about August 29, 2009 when Individual 2 was not working at the NBHA. In exchange for his official assistance in connection with this fraud, defendant KENNEL accepted a cash payment in North

Bergen from Individual 2 in the amount of approximately \$100 after Individual 2 had returned to the United States, according to Individual 2.

e. In or about June 2010, defendant KENNELL authorized Individual 3 to take a multi-week vacation so that Individual 3 could travel outside of the United States, according to Individual 3. According to records from CBP, Individual 3 traveled outside of the United States from on or about June 22, 2010 through on or about July 9, 2010. According to records from NBHA's time card system, Individual 3 was noted as "absent" during the period when Individual 3 was outside the United States. During this period, defendant KENNELL submitted and caused to be submitted time and attendance records to Company 1 that reflected falsely that Individual 3 had worked at the NBHA when Individual 3 was, in fact, out of the country. On the basis of these false reports, Company 1 issued weekly paychecks to Individual 3 during this period totaling approximately \$1,700. Additionally, on or about June 12, 2010, Company 1 issued an additional weekly paycheck in the amount of approximately \$607 to Individual 3 for vacation pay. Because Individual 3 received an additional paycheck for vacation pay, Individual 3 was not entitled to any of the salary that Individual 3 received during the period from on or about June 22, 2010 through on or about July 9, 2010 when Individual 3 was not working at the NBHA. In exchange for his official assistance in connection with this fraud, defendant KENNELL accepted a cash payment in North Bergen from Individual 3 in the amount of approximately \$300 after Individual 3 had returned to the United States, according to Individual 3.

f. In sum, as detailed in the chart below, from in or about February 2008 to in or about June 2011, defendant KENNELL submitted and caused to be submitted false and fraudulent time and attendance reports to Company 1 that allowed Individuals 1, 2, and 3 to take approximately 80 days of unauthorized additional paid vacation days, totaling approximately \$12,498 in salary paid to Individuals 1, 2, and 3 and for which defendant KENNELL accepted approximately \$2,000 to \$2,400 in payments:

INDIVIDUAL	DATES OUTSIDE THE UNITED STATES	ADDITIONAL PAID VACATION DAYS	APPX. ADDITIONAL SALARY RECEIVED	APPX. PAYMENT TO DEFENDANT KENNELL
1	February 7-13, 2008	5	\$411	\$100
2	June 19-July 5, 2008	12	\$2,189	\$300 to \$400
2	June 11-27, 2009	12	\$2,254	\$300 to \$400
2	August 24-29, 2009	5	\$939	\$100
2	June 9-26, 2010	13	\$2,442	\$300 to \$400
3	June 22-July 9, 2010	14	\$1,700	\$300
1	March 18-31, 2011	10	\$872	\$300
2	June 8-20, 2011	9	\$1,691	\$300 to \$400

EXTORTION OF UNDOCUMENTED EMPLOYEE OF COMPANY 1

7. Defendant KENNEL used his position at the NBHA to extort cash payments from Individual 4, an undocumented individual and an employee of Company 1, by allowing Individual 4 to use different identities to maintain employment with Company 1 at the NBHA. According to a representative of Company 1, the NBHA was authorized to both hire and terminate employees of Company 1 who worked at the NBHA on behalf of Company 1 and without seeking the approval of Company 1. If an employee of Company 1 was hired by the NBHA or had ceased working at the NBHA, then Company 1 was informed of these facts, among other means, via the time sheets that were transmitted to Company 1 either by, or at the direction of, defendant KENNEL.

8. From at least in or about January 2008 to in or about April 2010, Individual 4 was employed by Company 1 using the identity of another individual, according to payroll records from Company 1. According to Individual 4, in or about April 2010, Individual 4 needed to change the identity that Individual 4 was using to receive salary payments from Company 1. Using his official position at the NBHA, defendant KENNEL agreed to allow Individual 4 to change the identity under which Individual 4 was employed. According to records from Company 1, the last day for Individual 4 using the first alias was on or about April 9, 2010. Subsequently, on a time sheet transmitted to Company 1 on or about April 20, 2010, Individual 4, operating under the second alias, was reported as working at the NBHA for Company 1. According to Individual 4, following this change in identity, defendant KENNEL accepted a cash payment in North Bergen from Individual 4 of approximately \$50 to \$100 for permitting Individual 4 to continue working at the NBHA under a different name.

9. From in or about April 2010 through in or about April 2012, Individual 4 was employed by Company 1 using the second alias, according to payroll records from Company 1. According to Individual 4, in or about April 2012, Individual 4 needed to change that identity that Individual 4 was using to receive salary payments. Using his official position at the NBHA, defendant KENNEL agreed to allow Individual 4 to change that identity to a third alias. According to records from Company 1, the last day for Individual 4 using the second alias was on or about April 20, 2012. Subsequently, on a time sheet submitted to Company 1 and signed by defendant KENNEL on or about May 1, 2012, Company 1 was instructed that there was a "new employe[e]" identifying Individual 4 under the third alias. According to Individual 4, following this change to a third alias, defendant KENNEL accepted a cash payment in North Bergen from Individual 4 of approximately \$50 to \$100 for permitting Individual 4 to work under the third alias.

EXTORTION OF SALARY PAYMENTS TO EMPLOYEES OF COMPANY 1

10. Defendant KENNEL also used his position at the NBHA to regularly extort the employees of Company 1 of a portion of their weekly paychecks. As outlined above in Paragraph 7, defendant KENNEL had the authority to terminate the employees of Company 1 working at the NBHA. According to Individual 1, if employees of Company 1 failed to pay defendant KENNEL, they would be terminated or defendant KENNEL would closely monitor their daily attendance in order to pressure them into making payments to him. These extortions typically occurred on Fridays in North Bergen after the employees of Company 1 had received their paychecks. For instance:

a. According to Individual 1, defendant KENNEL solicited and accepted cash payments from Individual 1 of approximately \$20 on at least five occasions from in or about 2008

to in or about 2012. According to Individual 1, defendant KENNELL would signal to Individual 1 that he wanted money by whistling when Individual 1 received his paycheck.

b. According to Individual 2, defendant KENNELL solicited and accepted cash payments in amounts ranging from \$20 to \$30 from Individual 2 on approximately eight to ten occasions during the course of Individual 2's approximately thirteen-year employment with Company 1 at the NBHA.

c. According to Individual 3, defendant KENNELL solicited and accepted cash payments in amounts ranging from \$10 to \$20 from Individual 3 as frequently as every two weeks during the course of Individual 3's approximately twelve-year employment with Company 1 at the NBHA.

d. According to Individual 4, defendant KENNELL solicited and accepted cash payments of approximately \$20 from Individual 4 as frequently as once a month during the course of Individual 4's approximately six-year employment with Company 1 at the NBHA.

e. According to Individual 5, defendant KENNELL solicited and accepted cash payments in amounts ranging from \$10 to \$20 from Individual 5 every two weeks beginning in or about January 2011.

f. According to Individual 6, defendant KENNELL solicited and accepted cash payments of approximately \$20 on approximately ten occasions per year during the course of Individual 6's approximate seven year employment with Company 1 at the NBHA. Individual 6 stated that defendant KENNELL asked to borrow the money from Individual 6, but that defendant KENNELL had not repaid Individual 6 on the large majority of occasions.

USE OF THE CO-SCHEMER TO EXTORT CERTAIN OF THE PAYMENTS

11. From at least in or about February 2008 to in or about May 2012, defendant KENNELL used the Co-Schemer to make demands for and to collect these payments on his behalf. For example, on or about May 18, 2012, defendant KENNELL provided Individual 3 with two paychecks from Company 1, one for salary and another for vacation pay, according to Individual 3. Defendant KENNELL instructed Individual 3 to cash these paychecks and provide him with a cash payment. Individual 3 initially refused to pay defendant KENNELL. Later that same day, at defendant KENNELL's direction, the Co-Schemer approached Individual 3 and repeated defendant KENNELL's demand for a cash payment from Individual 3. The Co-Schemer then accepted a cash payment of approximately \$20 from Individual 3 on defendant KENNELL's behalf.

12. On or about June 1, 2012, federal law enforcement officers interviewed the Co-Schemer. According to the Co-Schemer, defendant KENNELL extorted the employees of Company 1 approximately every week after the employees received their paychecks, generally demanding a payment of approximately \$20 per employee. Defendant KENNELL personally solicited and accepted these payments from the employees or would direct the Co-Schemer to solicit and accept the payments on his behalf. Defendant KENNELL repeatedly threatened to fire the Co-Schemer if the Co-Schemer did not collect the payments. The Co-Schemer acknowledged soliciting and accepting cash payments from Individuals 2, 3, and 6, as well as other employees of Company 1 not referenced in this Complaint. The Co-Schemer further acknowledged that defendant KENNELL solicited and accepted cash and other payments from the Co-Schemer, generally in the amount of \$20 and as frequently as every week.